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Assistance to the Palestinian people

Report of the Secretary-General

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I. Introduction

1. This report is submitted pursuant to General Assembly resolution 54/116 of 15 December 1999 on assistance to the Palestinian people, in which the Assembly requested the Secretary-General to submit a report to it at its fifty-fifth session, through the Economic and Social Council, on the implementation of the resolution. The present report covers the period from May 1999 to May 2000, and provides an analysis of the current status of development and of development assistance in the occupied Palestinian territory. It presents a more detailed account of the development process in the occupied Palestinian territory, including the United Nations role within it, than previous reports on the subject. It is hoped that the report will assist the international community in providing an effective response to the real needs of the people in the occupied Palestinian territory. This is particularly important given that potential political developments in the coming year will require extensive attention and support in order to foster progress and stability in the occupied Palestinian territory and in the region. A separate report, prepared by the Economic and Social Commission for Western Asia (ESCWA) on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and the Arab population in the occupied Syrian Golan (A/55/84), which has been submitted to the fifty-fifth session of the General Assembly through the Economic and Social Council, provides detailed information on the living conditions of the Palestinian people.

2. In September 1999, the Secretary-General reconfigured the mandate of the United Nations Special Coordinator in the Occupied Territories, whose title was changed to United Nations Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority. In addition to his responsibilities relating to the occupied Palestinian territory, the Special Coordinator now also has responsibilities for coordinating United Nations development assistance related to the peace process in Jordan, Lebanon and the Syrian Arab Republic. A principal challenge for the United Nations system in this period is to underpin current peace talks and efforts to advance the political process, with programmes and projects that will lead to long-term and sustainable development. The Special Coordinator is leading United Nations development efforts that are especially relevant to the peace process including anticipating and strengthening, as appropriate, the foundations for growth of development cooperation.

3. Throughout the period under review, the Special Coordinator has maintained his efforts to fulfil the mandate of his office, including ensuring better coordination between the relevant institutions of the Palestinian Authority and United Nations agencies, as well as the donor community, and monitoring and documenting economic and social conditions in the occupied Palestinian territory. He has also provided periodic analyses on these matters and special reports on specific issues relevant to the development effort, such as the constraints on and the prospects for growth of the private sector. The sixth annual United Nations inter-agency meeting, which was convened at the headquarters of the Special Coordinator on 14 to 15 June 2000, focused on further deepening cooperation and understanding between the resident and non-resident United Nations agencies and representatives of the Palestinian Authority. Particularly noteworthy were recommendations that sought to strengthen practical partnerships between the United Nations system, the Palestinian Authority and its ministries and international donors in the occupied Palestinian territory.

II. Development assistance

4. As a result of the optimism generated by the signing of the Declaration of Principles on Interim Self-Government Arrangements (A/48/486-S/26560, annex) in 1993, the occupied Palestinian territory became one of the largest recipients of development assistance in the world in per capita terms. Donor disbursements averaged about US$ 200 per person per year during the 1994-1998 period, excluding Palestinians in East Jerusalem. The United Nations presence in the occupied Palestinian territory increased from three organizations in 1993 to 13 in 1999. In addition, 12 organizations of the United Nations system are providing technical assistance and expertise to the Palestinian Authority.

5. According to figures provided by the Palestinian Authority's Ministry of Planning and International Cooperation, the total amount of funds disbursed by a total of 48 donors over the 1993-1999 period was just over US$ 2.75 billion. During the period 1994-1995, total donor commitments amounted to US$ 1.41 billion and disbursements to US$ 900.5 million. That trend continued through 1996, when commitments amounted to US$ 789.9 and disbursements to US$ 511.6 million. Over the three-year period from 1997 to 1999, however, a general trend of decline has been noted. Commitments have fallen yearly, declining from US$ 789.9 million in 1996 to US$ 546.8 million in 1999. Disbursements have fallen from US$ 511.6 million in 1996 to US$ 513 million in 1997, US$ 409.2 in 1998 and US$ 417.1 in 1999. The bulk of the disbursements, just under 90 per cent, has been in the form of grant aid, while the remainder was in loans. The World Bank is the largest of the eight loan creditors, and accounted for almost 30 per cent of all loan disbursements in 1999 and for just under 58 per cent over the 1993-1999 period.

6. In spite of the fact that the occupied Palestinian territory remains one of the largest recipients of international development assistance, it is nonetheless of concern that the past several years have seen a continuing decline in donor commitments and disbursements. No single factor can be identified as the principal cause of the overall decline, or for the significant decline in disbursements for public investment. Each donor's disbursements are influenced by numerous circumstances, many of which are unique to the particular donor.

7. The Tripartite Action Plan of 1999, a document drawn up in order to define understandings reached on the part of the international donor community, the Palestinian Authority and the Government of Israel, lists the following underlying reasons for this decline, as cited by donors, in order of importance: (a) the frequent shifts in the peace process and delays in the implementation of signed agreements over the years which have engendered an atmosphere of uncertainty; (b) the transition to an increasing number of economic development projects, which necessarily involves the preparation, appraisal and coordination of more complex projects with longer time horizons for implementation; (c) internal difficulties in donor countries that result in commitment and disbursement delays; (d) conflicts or natural disasters in other parts of the world which make strong claims on limited donor resources; (e) difficulties of consensus building between donors and Palestinian stakeholders; (f) growing pains of the nascent Palestinian governance system; and (g) complex Israeli measures governing permits for roads, water projects, industrial estate development and physical planning.

III. Palestinian Development Plan

8. The Palestinian Authority had presented the Palestinian Development Plan for the period 1998-2000, its first three-year rolling plan for capital investment, at the Consultative Group meeting in Paris on 14 and 15 December 1997. The Palestinian Development Plan laid out the goals, strategies, plans and policies for, and obstacles to the Palestinian development process. The document listed the programme areas and projects which the Palestinian Authority designated to be of the highest priority for socio-economic development. The total combined value of the over 600 projects listed in the Palestinian Development Plan, divided into four priority sectors, was approximately US$ 3.5 billion, or approximately US$ 1.2 billion a year.

9. The signing of the Wye River Memorandum on 23 October 1998 was followed by a ministerial meeting in Washington, D.C., on 30 November 1998, commemorating the five-year pledge made in 1993 by the international donor community to support the Palestinian people in their development efforts and needs. A new pledge for the following five years, of approximately US$ 3.3 billion in grants to further support development efforts in the Palestinian territories, was also made at that meeting.

10. Although a three-year plan (1999-2001) was initially envisaged as a follow-up to the 1997 document, it was decided that a five-year plan needed to be considered and projections made for the support being pledged. The Palestinian Development Plan 1999-2003 is a comprehensive document, comprised of the following sections:

- Political, economic and social developments (1993-1998);
- Macroeconomic framework for medium-term development planning (1999-2003);

- Resource framework for the Palestinian Development Plan (1999-2003);
- General framework of the Palestinian Development Plan (1999-2003);
- Palestinian Development Plan: the preparation process
- The Palestinian Development Plan investment programme: sector priorities, implementation and follow-up;
- Palestinian Development Plan programmes and projects.

11. Due to the planning cycle that was already in progress at the time, the Palestinian Development Plan for 1999-2003 is a hybrid of detailed programmes and projects for three years (2000-2001) and future projections for the remaining two years (2002-2003). This would provide the initial planning scope foreseen for the sectors and provide a basis for planning activities in the subsequent comprehensive five-year plan (2000-2004), which will be available in mid-2000.

12. The Palestinian Development Plan represents the Palestinian Authority's willingness and ability to take control of its own development process, with the Ministry of Planning and International Cooperation as its main planning body, and is a highly significant step forward in terms of Palestinian development planning capacity. The international community now has a greater opportunity to respond to these efforts in an equally constructive manner, basing assistance and interventions on the real needs and strategies carefully determined and set forth by the Palestinian Authority. This will allow the Palestinian development process to move into a phase of rational and coherent development based on the present realities. The Palestinian Development Plan was reinforced this year by the publication of the One-Year Action Plan for the year 2000. This document represents yet another step towards rationalizing the development process, as it provides the "priorities within the priorities" for the year at hand. Needs will outweigh resources in Palestinian development for many years to come. This Palestinian Development Plan and the accompanying Action Plan were created to allow for concentration on priority areas of development, for increased coordination and for coherent geographic coverage, according to strategies developed within the framework of available resources.

13. Both external and domestic challenges to the development process are identified in the Palestinian Development Plan. External constraints include the absence of freedom of movement between the West Bank and Gaza, the absence of an operational sea port and until recently of an airport; non-tariff barriers; the restrictions on freedom of movement and employment; and import/export restrictions. The Palestinian Development Plan also emphasizes that the absence of natural resources, neglected infrastructure and the limitations of a developing administration present the greatest challenges domestically. The Palestinian Development Plan takes these constraints into consideration and proposes alternative strategies in the event of certain constraints continuing or worsening.

14. Addressing and overcoming the problems and constraints facing the Palestinian development process require setting clear goals and objectives, and developing policies to be followed on the national, sectoral and subsectoral levels, as well as through the different ministries and institutions. The process also requires the identification of the priorities on which to concentrate in order to most effectively face the challenges standing in the way of the development process. In view of the difficulties and constraints being faced, the Palestinian Authority aspires to realize the following four major goals during the time span of the current five-year development plan: economic growth and employment generation; rural revival and development; improving social conditions/human resources development; and development of financial institutions and more effective macroeconomic policies.

15. The Palestinian Development Plan was formulated through a detailed planning process under the leadership of the Ministry of Planning and International Cooperation that involved all sectors and ministries and an active network of focal points. The Palestinian Authority has received assistance from several international partners, including the United Nations system. The United Nations Development Programme (UNDP) and the Bretton Woods institutions provide widespread support, including at the macro-level, to the Palestinian Authority, the Ministry of Planning and International Cooperation and the Ministry of Finance in particular. Technical advisors and institutional support have been made available for long-term periods by UNDP. The World Bank is currently applying the methodology of its

comprehensive development framework to support strategic planning in several sectors.

16. More than 25 United Nations entities have provided development assistance during the past year. In line with the request of the Palestinian Authority, assistance was directed to the following areas: advocacy and awareness-raising, policy and strategy advice, planning and programming, transferring of know-how, lessons from developing countries, resource mobilization, facilitation to coordination and the funding and implementation of development projects.

17. Many of the United Nations specialized agencies have contributed expertise to the Palestinian Authority to help with sectoral policies and strategies, needs assessments and programme formulation. Sectoral plans have been completed for health, education and agriculture. Food and Agriculture Organization of the United Nations (FAO) expertise, together with UNDP support and financing from the Government of the Netherlands, assisted the Ministry of Agriculture for its plan for 2001-2005. The United Nations Educational, Scientific and Cultural Organization (UNESCO) has contributed to the education sectoral plans and has been requested to provide further support. For health, several agencies, including the World Health Organization (WHO), the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA) have provided support in general or in specialized areas. UNICEF's collaboration with the Palestinian Authority in formulating its new programme for the Palestinian people has impacted on Palestinian Authority policies and programmes. UNFPA is currently conducting its country population assessment with the Palestinian Authority, as a key preliminary step for its future programme cooperation. This process is an integral part of the Palestinian Authority's policy-making and planning. The International Labour Organization (ILO) and the United Nations Industrial Development Organization (UNIDO) have advised on employment and enterprise development strategy. The United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC) have advised on trade issues. The International Civil Aviation Organization (ICAO) has provided advice on civil aviation development, and recently, the Palestinian Authority requested further help from the International Maritime Organization (IMO) to assist in planning the new port in Gaza. The United Nations development system has therefore used its comparative expertise to help improve the Palestinian Authority's capacity and methods for planning, and to help assess unmet needs.

18. The total amount of funds required for 1999 in the Palestinian Development Plan was US$ 720 million. Overall commitments for development activities for 1999 amounted to US$ 546.8 million, down from US$ 665.9 million in 1998, reflecting a shortfall of US$ 173.2 million. Actual disbursements amounted to US$ 417.1 million as of the fourth quarter of 1999. The amount of funds disbursed represented, about 58 per cent of the needs identified in the Palestinian Development Plan. The respective allocation of the total disbursement by category was as follows: public investment, 46 per cent; technical assistance, 25 per cent; private investment promotion, 7 per cent; in kind, 3 per cent; equipment, 2 per cent; budgetary assistance, 1 per cent; and employment generation, 1 per cent. This demonstrates the clear shift from the need for budget support to the financing of development projects. It is hoped that in future a clearer understanding of the Palestinian Development Plan by donors will result in broader and more appropriately targeted development assistance.

19. In order to address these priorities in a systematic way, the Palestinian Authority has tried to reflect public needs in terms of the four broad sectoral priorities which remain the same as in the first Palestinian Development Plan, as described below.

A. Infrastructure and natural resource management

20. This sector encompasses water and sanitation, housing, roads and transportation, sea and air ports and other general infrastructure projects. Infrastructure and related services underpin development in all sectors, and have a significant impact on popular perceptions of hardship or improvement in living conditions. Almost half of the total Palestinian Development Plan budget (48 per cent) is allocated to this sector for the five-year Palestinian Development Plan period. Infrastructure remains a top priority sector as years of neglect during the occupation of Palestinian territory have left a crumbling system. Although significant advances have been made in this sector, serious deficiencies remain in a number of areas. The Palestinian Development Plan identifies water and waste-water as the first priority

within this sector, and dedicates nearly 44 per cent of the sector budget to these areas.

21. Since the importance of road transport has increased significantly over the past few years and in view of the very poor condition of the roads in the occupied Palestinian territory, construction, expansion and rehabilitation programmes are given high priority in the Palestinian Development Plan. This subsector is virtually unsupported financially by the international donor community. In the third priority subsector of energy, attention is primarily focused on rural areas that do not have access to electricity. Solid waste disposal, another priority subsector, is also considerably underfunded. In the strategic and national projects subsector, the focus has been on developing the harbour, airport and safe passage, which are priorities at the national level.

22. The total budget for the entire sector for 1999 is US$ 416.3 million. The water and sanitation subsector is considered the most pressing priority within this sector. The Palestinian Development Plan lists 20 projects for this subsector, covering the areas of water supply, sewerage and water resources at a total cost of US$ 250.2 million. The costs of transportation and national projects are US$ 76.3 million and US$ 33.8 million, respectively. The budgets for the remaining six subsectors total approximately US$ 56 million.

23. In the water and sanitation subsector, total disbursements in 1999 amounted to US$ 111.7 million. Disbursements for transportation projects amounted to a total of approximately US$ 18 million and for all other subsectors approximately US$ 31 million, bringing the total disbursements for this sector in 1999 to US$ 160.7 million. Consequently, only 38 per cent of the requirements identified in the Palestinian Development Plan was met, which represents a serious hindrance to the progress of development in the occupied Palestinian territory.

24. During the reporting period, 11 United Nations agencies were active in the infrastructure and resource management sector. The largest United Nations contributors to this sector were UNDP and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Each was active in the priority subsector of sewerage and drinking water. UNDP began work on a sewage water system for the Khan Younis area in Gaza and made substantial progress on the Jericho water system. Meanwhile, UNRWA's environmental health services provided improvements to the sewerage, drainage and water supply systems of the refugee camp population as part of its peace implementation programme. WHO was also active in this subsector, with a contribution from the European Commission Humanitarian Assistance Office (ECHO), allowing for the implementation of a project aimed at the rehabilitation and protection of existing water sources (springs and wells).

25. UNDP's other contributions to this sector include environmental conservation as part of a regional effort to preserve agro-biodiversity and the reclamation of degraded rangelands. UNRWA was also active in improving the system of solid waste disposal, and in the rehabilitation of shelters in refugee camps. The International Fund for Agricultural Development (IFAD) has been active in water, irrigation and natural resources through its Ein El-Sultan Irrigation Project and Participatory Natural Resource Management Programme. The International Atomic Energy Agency (IAEA) has been involved in this sector through projects designed to strengthen science and technology infrastructure and radiation safety infrastructure. The International Telecommunication Union (ITU) is currently implementing activities related to the establishment of a Transmission Control Unit in the Ministry of Post and Telecommunications, and by providing necessary elements to the functioning of the Palestine News Agency (WAFA). United Nations Volunteers (UNV) activities included urban planning assistance for the preparation of detailed area plans of Bethlehem, Beit Jala and Beit Sahour. The United Nations Environment Programme (UNEP) contribution involved sponsoring the participation of Palestinian Authority representatives in six regional workshops on environmental issues. Within the national projects subsector, the International Maritime Organization (IMO) is currently providing technical assistance for the establishment of a maritime administration for the Palestinian Authority project. The Universal Postal Union (UPU) has prepared a project to develop the Palestinian postal system, which is awaiting funding.

26. The Action Plan for 2000 provides a ranking of projects for the year according to national priority. Out of the top 50 projects, water and sanitation account for 17 projects, transportation (primarily roads) for 23 projects and other activities in this sector for seven projects. Coordinated efforts need be made to better cover the resource requirements of this sector, which is

considered essential to the overall quality of life of the Palestinian population.

B. Institutional capacity-building

27. Institutional capacity-building has been of central importance since the Palestinian Authority came into being and assumed responsibility over the public sector, which serves approximately 3 million people. The objective in this sector is to strengthen the administrative management capacity of Palestinian ministries and numerous public institutions and to devise the legal and regulatory framework within which the Palestinian Authority's executive, legislative and judicial bodies carry out their responsibilities. Approximately 9 per cent of the total Palestinian Development Plan budget is allocated to this sector.

28. The priority area in this sector is institutional development. The Palestinian Development Plan emphasizes the necessity of moving away from reliance on foreign expertise in identifying and resolving development issues in order to foster sustainability in development planning and daily functioning. Technical assistance to raise the capacity of Palestinian Authority civil servants and their institutions is encouraged. Therefore, training, strengthening institutions with the range of equipment necessary for effective functioning and technical assistance programmes that work hand-in-hand with Palestinian Authority counterparts to ensure dissemination of knowledge and expertise are priorities.

29. Other priorities within this sector include strengthening of the legal and regulatory framework and democracy development. Enhancing the legal and regulatory environment and systems is key to encouraging private sector-led growth of the economy, while also encouraging the continued support of donors. A transparent and appropriate legal and regulatory framework is crucial if institutions are to operate effectively. In addition, the Palestinian Development Plan emphasizes the necessity of establishing a stable democratic government. It calls for the fundamental elements of democracy to be widely disseminated and for foundations to be built to maintain its sustainability.

30. Although commitments of nearly US$ 100 million were made for institutional development, US$ 37.6 million was actually disbursed, nearly reaching the US$41 million that was budgeted for this subsector in the Palestinian Development Plan for 1999. The area of democracy development was also well covered, with disbursements of approximately US$ 7 million. However, in the subsectors of legal and regulatory framework and of the police, disbursements amounted to only US$ 3 and US$ 2 million, respectively.

31. Through its broad-sweeping UNICEF/Palestinian Authority master plan of operations for Palestinian children and women, UNICEF has implemented many capacity-building and technical assistance activities, including training and/or material support to the Ministries of Health, Education, Social Services and Justice, local NGOs, Al-Quds University and others. Training covered the areas of child health, child development, parenting, education, the Palestinian Child Rights Charter and the Convention of the Rights of the Child. UNDP is involved in technical assistance/capacity-building on several levels, including in poverty alleviation with the Ministry of Planning, issues concerning the disabled with the Ministry of Health and law and gender policy with the Palestinian Legislative Council. Its activities also included working closely with the Ministry of Justice and the Ministry of Finance, among others. The Office of the United Nations High Commissioner for Human Rights has been engaged in providing material and technical assistance towards strengthening institutions whose work relates to the rule of law in general and human rights in particular. UNFPA and WHO have been working together in strengthening the technical and human resource capabilities of the Ministry of Health, NGOs and the primary health care sector on reproductive health. This has included guidelines and protocol for reproductive health services, training for physicians and nurses and awareness-raising. WHO has also been providing technical assistance and training with the Ministry of Health for water quality monitoring and disease control (brucellosis control programme). UNRWA has provided a wide range of training and technical assistance to the Ministry of Health and local NGOs. The United Nations Development Fund for Women (UNIFEM) has been working with NGOs and donors in order to develop the women in development/gender in development sector, and the United Nations Institute for Training and Research (UNITAR), UNCTAD and UNDP have

carried out a joint training programme in international commercial diplomacy.

32. The ILO's technical cooperation programme is aimed at building the human and institutional capacities of different institutions in fields of its competence, such as the Chamber of Commerce and the Ministry of Labour, among others. The United Nations International Drug Control Programme (UNDCP)/Office for Drug Control and Crime Prevention has been active in three priority areas through its multisectoral drug control assistance to the Palestinian Authority project: legal and institutional framework concerning drug control, capacity-building amongst law enforcement agencies and capacity-building in the social affairs and health sectors. UNV provided technical assistance in urban planning to several different municipalities, and ITU provided training for engineers and technicians from the Ministry of Post and Telecommunications and to the staff of WAFA. FAO is currently implementing a capacity-building project in the areas of agricultural policy analysis and planning. IAEA has two ongoing projects for human resource and manpower development. ESCWA activities have included training and advisory activities in the production, use and dissemination of statistics, particularly gender-related statistics, training programmes organized for the Palestine Monetary Authorities and for the Palestinian Planning Unit, and assistance to the Minister of Social Affairs in the preparation of a report on the advancement of women in the occupied Palestinian territory.

33. The Office of the United Nations High Commissioner for Human Rights has been very active in continuing its support to the Palestinian Authority in the preparation of legislation affecting human rights and in its work towards establishing a national plan of action for human rights. UNDP works with the Women's Unit of the Palestinian Legislative Council in order to bring gender issues to the forefront of legislative efforts. It also supports the Ministry of Justice and is funding the production of a legal journal. IMO is assisting the Department of Transport in Gaza in drawing up draft maritime legislation. Both the Office of the United Nations High Commissioner for Human Rights and UNDCP have offered training for the Palestinian police. The Office offers training primarily in the areas of human rights and rule of law, while UNDCP has provided training in law enforcement surrounding drug control. The Office of the United Nations Special Coordinator supports coordination and donor assistance for the establishment of a police academy, with cost-sharing provided by the Government of Denmark. At the request of the Palestinian Authority, the Department of Economic and Social Affairs has drafted proposals for four projects to provide technical assistance in the areas of public expenditure management, aid management and revenue administration. Funding is currently being sought for these projects.

34. In the areas of institutional development and democracy development, the funding needs in the Palestinian Development Plan were well covered in 1999. However, a preliminary analysis indicates that actual disbursement was not in line with the Palestinian Development Plan. While one third of the US$ 41.3 million in the budget in the Palestinian Development Plan for institutional development was for public building projects only, an insignificant portion of the US$ 37.6 million disbursed was for this purpose. In the other crucial areas of legal and regulatory framework and of the police, the funds fell well short of the needs in 1999. Given the importance of these subsectors at this stage of the development process, these should be considered as priorities in 2000. Nearly all United Nations agencies have provided technical assistance in some sort to institutional development, in line with the Palestinian Authority priority of training and in-depth building of local expertise. The abundance of agencies working in this subsector illustrates the urgent need for more effective coordination in order for the Palestinian Authority and all agencies involved to benefit from the various activities that are being undertaken to the largest extent possible.

35. According to the Action Plan for 2000 and in line with the shortfall mentioned above, priority projects include, first and foremost, a variety of building construction projects. In addition, more capacity-building and human resource development projects are emphasized. The Palestinian Development Plan budget for this entire subsector in 2000 is US$ 51 million. Thus institutional development remains a priority in 2000 in order to continue on the momentum of the technical assistance provided to date and to gain ground on the construction and rehabilitation of needed public buildings. Due to the need to reinforce institutions which facilitate the implementation of the rule of law and to strengthen the regulatory framework

in 1999 and given that the resources needed for these increase significantly in 2000, these areas also remain a priority, especially considering the importance of a legal and regulatory framework needed to support the institutional structures currently being put into place.

C. Human resources and social development

36. This sector is wide-ranging, covering such crucial subsectors as health, education, housing, social welfare, women and human rights. The majority of United Nations agencies are working in at least one area within this sector. The importance of the various subsectors cannot be overstated, as they are key to achieving development, democratization and stability. Nearly 25 per cent of the Palestinian Development Plan budget is allocated to this sector over the five-year period.

37. The Palestinian Authority considers education to be the top priority in this sector. Deteriorated and inadequate facilities are the main problems faced by the education system, particularly given the six per cent annual increase in student population. Eighty per cent of schools in Gaza and 20 per cent in the West Bank are still operating on double-shifts and in some cases in Gaza even on triple shifts. The construction of new schools is essential to allow for an increase in the number of school hours per child and to reduce class size. Over the first three years of the Palestinian Development Plan, about 53 per cent (US$117 million) of the education subsector budget has been allocated to primary and secondary education for rehabilitation or new construction of infrastructure, excluding vocational secondary education. Other elements considered crucial to raising the standard of education include equipment and facilities, as well as capacity-building through teacher training and curriculum development.

38. The second priority in this sector is health. Unlike education, many forms of health services can be provided by the private sector. Therefore, the priority in this subsector is on primary health care to ensure that basic services are available to all communities in all governorates, with an emphasis on reaching remote and rural communities. The third priority subsector is refugee camps. Refugee camps are home to 590,000 Palestinians who are in need of substantial assistance. Overcrowding and poor sanitary and health conditions in most camps call for intensive upgrading and rehabilitation on an urgent basis. The fourth priority subsector covers detainees and ex-detainees. The Palestinian Authority recognizes the importance of assisting and reintegrating the large number of ex-prisoners and their families. Many are suffering physical, mental and economic problems even years after their release. Many require specialized care, training and assistance to facilitate their reintegration into society. Consequently, about 2 per cent of the budget for this sector is allocated to this subsector over the five-year period.

39. The Palestinian Development Plan clearly emphasises the urgent need for support for education. Out of the total allocation of US$ 144.5 million for the sector, the Palestinian Development Plan budgeted nearly US$ 62 million for education in 1999, the bulk of which (approximately 70 per cent) is dedicated to the building of schools or rehabilitation of existing schools, with the remainder going to educational capacity-building and vocational training. In 1999, US$ 34.9 million was disbursed for the education subsector. Approximately US$ 20.5 million was spent on school construction or rehabilitation, while the balance covered primarily technical assistance projects. Health is the other major priority within this sector, for which the Palestinian Development Plan budgeted US$ 38.3 million for 1999. The bulk of this budget was directed towards construction of clinics and hospitals, while one-fourth of the budget was for health capacity-building. US$ 34.8 were disbursed in the health subsector, of which US$ 6.2 million was for construction or rehabilitation of health structures and the remainder for equipment and technical assistance. Allocation for other areas in this sector, were as follows: refugees: US$ 14.9 million; humanitarian aid: US$ 8.3 million; detainees and ex-detainees: US$ 4.5 million; women: US$ 5.6 million; human rights and civil society: US$ 500,000; youth: US$ 3.6 million; and culture: US$ 6.8 million. US$ 4 million was disbursed for humanitarian assistance approximately US$ 1 million each for detainees and ex-detainees, youth and women. Disbursement figures are not currently available for the areas of human rights, refugees or culture. The total disbursements for this sector thus amounted to approximately US$ 76.7 million.

40. In the education subsector, UNRWA's 264 elementary and secondary schools accommodated

223,258 pupils in the 1999/2000 school year, an increase of 11,422 over the previous year. Although a certain amount of construction and upgrading of UNRWA schools took place, lack of funds and sites for school construction has meant that many schools continue to be accommodated in unsatisfactory rented premises and suffer from overcrowding and lack of educational facilities. UNRWA also runs four vocational and technical training centres, with a total of 2,036 trainees. Merit-based scholarships were awarded to 253 refugee students to universities in the region. Among its various activities, UNICEF has provided technical assistance to the Ministry of Education in the establishment of the five-year Educational Plan for Palestine, as well as in other areas. The ILO headed a project for the establishment of the Sheikh Khalifa Vocational Rehabilitation Centre for the disabled. The UNESCO/Office of the United Nations Special Coordinator programme in favour of the Palestinian People (PAPP) have been engaged in a range of rehabilitation and technical assistance activities relevant to the education system, including the establishment of the curriculum development centre, school rehabilitation projects, provision of teaching materials and policy analysis of the Ministry of Education's five-year plan.

41. In the area of health, WHO has been working closely with the Ministry of Health on a variety of levels, including the Palestinian essential drugs programme, immunization, monitoring of water quality, disease control and provision of laboratory equipment and training. In addition, WHO and UNFPA have been working intensively on the integration of reproductive health services into primary health care. UNRWA is the largest United Nations contributor to the health sector in the occupied Palestinian territory (US$ 23 million in 1999), operating 51 primary health-care facilities, which handled approximately 3.5 million patient visits in 1999. Rehabilitation services were provided through 13 physiotherapy clinics and six maternity units, which were integrated within its centres in Gaza. UNRWA provided secondary health care for the refugee population through special arrangements with various hospitals, or through the Agency's 43-bed Qalquilia hospital in the West Bank. It continued its involvement in the project for the 232-bed European Gaza Hospital, which should begin treating out-patients in July 2000 and in-patients in October 2000, and should be fully operational in January 2001. UNRWA's environmental health projects included improvements to sewerage, drainage and water supply systems and solid waste disposal. Among its many health-related activities, UNICEF continued its support for the national immunization campaign for school children, as well as for the Ministry of Health's school health promotion project, and for women's health and nutrition projects, and provided a range of training and technical assistance to the Ministry of Health and local NGOs. The UNDCP drug control assistance project provided training to health and social workers concerning drug abuse and demand reduction. UNDP assisted the Ministry of Health in developing programmes related to prevention and early detection of disabilities.

42. UNRWA has been very active in the relief and social services sector, including material and financial assistance to destitute families, the registration of refugees, works in refugee camps and the sponsorship of various community centres. The World Food Programme (WFP) has been active in its social safety net scheme, in support to small-scale farmers and fishermen and in offering financial support to NGOs working in the social sector. UNDP has been working with the Palestinian Authority to develop policies and practices leading to poverty alleviation, and supported the publication of the second *Human Development Report* covering 1998-1999. The ILO was involved in implementing projects of rehabilitation and income generation for ex-detainees and for disabled people.

43. In the area of human rights, the Office of the United Nations High Commissioner for Human Rights has begun intensive work with six ministries towards the formulation of a national plan of action for human rights, and has continued to offer material and technical assistance for strengthening institutions whose work relates to the rule of law and human rights. UNICEF has been involved in a variety of advocacy activities, including the development of the Children's Rights Charter and training of professionals on the Convention on the Rights of the Child.

44. UNFPA, UNIFEM, UNDP and ESCWA have all been active in the area of women/gender. UNIFEM is implementing three projects designed to develop women's entrepreneurship, promote women in development and establish plans for the advancement of women, among other related objectives. As part of its activities geared towards reproductive health, UNFPA has been involved in the support of women's centres providing different types of counselling, raising

awareness of gender issues and in the revision of the women's health and health education component of the national strategic health plan (1999-2003). UNDP continues advocating gender equality through, among other things, its promotion of equal opportunities in the civil service. ESCWA has continued support of the Gender Statistics Unit and provided technical assistance to the Palestinian Authority in the preparation of the national report on the advancement of women in the Palestinian territories in collaboration with the Ministry of Social Affairs. IFAD, as part of its relief and development programme, has been providing training to women through its business service centre and financing income-generating activities for groups of women. UNDP, through its *Sharek* project, is involved in empowering young people to participate in and contribute to the development of Palestinian society. UNV has also placed volunteers in the youth and community participatory development sector.

45. The Palestinian Development Plan budgets for construction and rehabilitation in both the education and health subsectors have increased significantly over the years and rank very highly in the Action Plan for 2000. Both the Action Plan for 2000 and the Palestinian Development Plan budget for 2000 reflect significant increases in the budgets needed for education and health, indicating their importance for overall development efforts. In addition, the six other subsectors of this area, which were all undercovered in 1999, are areas warranting increased support for a successful development process.

D. Productive sectors

46. The productive sectors include industry, tourism, agriculture and income-generating activities, to a large extent involving the private sector. Private sector activity has been identified by the Palestinian Authority and donors as the potential engine to drive the Palestinian economy. Public support to economic sectors is vital for the private enterprise to do its share in developing the Palestinian economy. Hence, the Palestinian Authority wishes to concentrate on efforts to provide an enabling environment for the private sector to start up activities, while financial needs of private sector activities themselves will be obtained through loans. Approximately 17 per cent or about US$ 765 million of the total PDP budget is allocated for productive sector development over the five-year period. The primary goal in the productive sector is to work towards industrialization. However, since industrialization will require necessary infrastructure, independence of movement and trade to become a dependable economic source and years to achieve an effective productive capacity, agriculture will in the meantime be the leading productive sector.

47. Historically, agriculture has been the principal source of economic activity for Palestinians. In recent years, more efficient and effective means of production have been introduced and some major advances have been made. These technologies now need to be reinforced and extended in order to maximize effectiveness and benefits in addition to the need to reclaim land, which has been neglected during many years of occupation, primarily for agricultural use. Food security is also a priority area as otherwise, the Palestinian population would be dependent on Israel for its basic food needs. Thus, agriculture is considered the first priority in this sector followed by industry, which will become the first priority once the framework for its full implementation is realized and agriculture has become a more stable subsector.

48. Within the industrial subsector, priority is placed on the development of industrial estates which are expected to create approximately 20,000 new job opportunities each. Tourism will always be an important potential contributor to economic growth. However, until freedom of movement to and from the West Bank and Gaza governorates is realized and visitors can visit all Palestinian areas without hindrances, this subsector will continue to face problems. Nonetheless, the infrastructure and framework for a strong tourism subsector can be achieved in the coming few years in anticipation of an environment more conducive to tourism. This is also the case for the preservation of archaeological sites within this subsector.

49. The Palestinian Development Plan sets the needs for 1999 in this sector as follows: agriculture: US$ 7.5 million; industrial development: US$ 8 million; tourism and archaeology: US$ 69.4 million; other: US$ 12.8 million. As presented in the Palestinian Development Plan, the first priority is to develop quickly in the area of agriculture, while preparing the terrain for an increase in industrial activities over the next 5 years. Accordingly, the Palestinian Development Plan budgets for agriculture increase dramatically over the 1999 budget during the period of 2000–2001,

dropping off again in 2002-2003. Industrial development (which includes small and medium enterprises) budgets increase gradually over the five-year period, from US$ 8 million in 1999 to US$ 79 million in 2003. The Palestinian Development Plan budget for tourism and archaeology was high for 1999, due primarily to Bethlehem 2000, which represented a pressing priority in 1999. The overall budget for this sector was US$ 97.7 million. Disbursements for agriculture amounted to US$ 8 million for tourism and archaeology US$ 18 million, for industrial development US$ 2 million and for the private sector US$ 6 million: a total of US$ 34 million for all the subsectors.

50. United Nations involvement in this sector covers the three main priority areas of agriculture, industry and tourism. UNWRA continued to expand its income generation programmes aimed at creating job opportunities and developing enterprise activity by providing microfinance credit to small enterprises. This programme has grown to be the largest supplier of financial services to the microenterprise sector in the occupied Palestinian territory. UNIDO is involved in establishing a project entitled "UNIDO support programme to Palestinian industry" which is in the preparatory phase and includes a study tour to Tunisia for Ministry of Industry representatives and the recruitment of national experts. The programme will include the setting up of an industrial upgrading programme on a pilot basis, which will consist of various activities designed to build capacity in the Ministry of Industry and in the private sector. ITC has sponsored the participation of the Palestine Trade Centre in four buyers/sellers meetings in the region, as part of its regional programme. ITC also carried out a mission to the Palestinian areas in March 2000 in order to lay the groundwork for a project focusing on craft enterprise development and commercialization of artisanal products. A project document is being finalized and priority areas for technical cooperation in this and other areas have been identified. Another mission designed to further assess the needs and potentials of the Palestinian business community was carried out in May 2000.

51. A joint training programme in commercial diplomacy was organized together by UNITAR/UNCTAD/UNDP for the Palestinian Authority. This programme was divided into three sessions and one high-level symposium. UNIFEM continued its project with the Ministry of Social Affairs, entitled "Development of women's entrepreneurship on Gaza (1997-2000)". The objectives of this project include increasing women's participation in the private sector and ensuring higher income levels. UNCTAD has continued to support a variety of technical cooperation activities during the project period, including a feasibility study concerning an industrial estate in Nablus; strengthening trade efficiency in a variety of areas, the above-mentioned training in commercial diplomacy and support to enterprise development. The ILO was engaged in several projects, including its Palestinian employment programme.

52. ESCWA conducted a training programme in November 1999 on agricultural issues and policies with the Palestinian Planning Unit. Two project documents and two proposals have been developed for this subsector. IAEA continued its medfly control project. WFP has continued its support of small-scale farmers in Gaza, and also supported a land reclamation project, through Catholic Relief Services, with 720 participating families. Among other related activities, UNDP continued its activities involving the reclamation of degraded rangelands, which resulted in the rehabilitation of agricultural land and generated work for thousands of unemployed Palestinians. IFAD continued supporting a range of agricultural activities through its relief and development programme and its participatory natural resource management programme. FAO continued its "Capacity-building in agricultural policy analysis and planning" project, and is planning another four related projects pending the receipt of necessary funding.

53. UNV has begun work on establishing a corps of archaeological cultural heritage volunteers, with the recruitment of one national and one international architect. UNESCO headed the emergency action plan for Bethlehem 2000, opening the way for the development of pilgrimages and cultural tourism in Palestine. In addition, UNESCO's PAPP projects included restoration of mosaics and training in cultural heritage preservation. UNEP held a variety of regional workshops, through its Regional Office for West Asia, on trade and tourism, in which representatives of the Palestinian Authority participated.

54. In 1999, disbursements in the productive sector amounted to US$ 33 million, compared to the requirement of US$ 97.7. Agriculture, which had a budget of US$ 7.5 million in the Palestinian

Development Plan, was relatively well covered with disbursements of approximately US$ 7 million. Disbursements for industrial development at US$ 2 million, fell well short of the Palestinian Development Plan budget of more than US$ 8 million. Tourism and archaeology, while accounting for the largest disbursement in this sector by far (US$ 18 million) still fell far short of the target budget of US$ 69.4 million. Private sector disbursements, falling under the Palestinian Development Plan category of "Other support projects", received US$ 6 million, compared to US$ 12.8 million budgeted for this category.

IV. Conclusion

55. The present report has highlighted the evolution of assistance to the occupied Palestinian territory and its people from both United Nations and other sources, taking note of the trends and how priority needs are being addressed. In general, progress has continued to be made in meeting some of the urgent and most significant priorities that confront the Palestinian Authority and people. Additional support is necessary to address basic human needs. Technical and financial support is also required to improve the physical environment and infrastructure, including water, energy and transportation. Institutions and human resources need to be strengthened further to cope with these challenges. The Palestinian Authority, with some support from the United Nations and other international partners, has undertaken institutional, economic and financial reforms, which would also benefit from assistance to ensure their implementation and impact.

56. The planning processes and plans of the Palestinian Authority have become more effective in the past three years and this has brought greater clarity on the unmet needs and has helped to justify the strategic priorities. Institutional mechanisms which have been established to facilitate dialogue and coordination between the Palestinian Authority and donors are working well and are supported by the Office of the United Nations Special Coordinator, in collaboration with the World Bank and other United Nations specialized agencies.

57. During the past year, United Nations organizations and specialised agencies have continued to play a significant and special role in support of the Palestinian people. The United Nations development system has continued to work as a complement and supplement to other partners in the international community and has implemented sizeable multilateral and bilateral assistance. There are increasing initiatives among United Nations bodies to coordinate programmes of activity. UNRWA and UNDP, respectively, administer special, large-scale programmes, as mandated. The Bretton Woods institutions also play specially effective roles. Other funds and programmes and many specialized agencies of the United Nations system are making important contributions, in a responsive and innovative way, to the socio-economic development priorities.

58. It is evident that many needs have been met and that due largely to the strengthening of the Palestinian Authority's capacities for planning and policy making, the Palestinian Development Plan has been increasingly employed to influence the direction of donor assistance. However, lack of sufficient assistance in certain priority sectors/subsectors has left the planned development process lagging in crucial areas. In the process of development cooperation, the coverage of priority needs should continue to be examined: in monetary terms, in terms of whether or not the funds available are being well targeted to the real needs and priorities spelled out by the Palestinian Authority and in terms of information exchange and cooperation between donors, to foster complementarity and avoid overlap. Therefore, continued coordination between the Palestinian Authority and the donor community, and within the donor community itself, is vital if Palestinian development is to evolve and attain its intended objectives in a coherent and sustainable manner.

59. Progress in the development of the occupied Palestinian territory has been facilitated by the very considerable assistance provided by the international community with a total of approximately US$ 2.75 billion having been disbursed between 1993 and 1999. At the same time, I am concerned about the declining trend of both new commitments and disbursements for development cooperation in spite of the present special needs and the challenges that lie ahead. The Palestinian institutions and the Palestinian Development Plan serve as a reasonable framework for further international assistance and a sound basis for ongoing dialogue to guide future development collaboration. The circumstances, assumptions, and exigencies which affect the occupied Palestinian territory and people will

continue to evolve in the coming period. I call upon the international community to provide the necessary resources and to demonstrate flexibility in their support for the development programmes for the Palestinian people.

Annex I

Palestinian Development Plan: priority sectors

Infrastructure and natural resources management	Institutional capacity-building	Human resources and social development	Productive sectors
Water and waste water	Institutional development	Education	Agriculture
Transportation	Legal and regulatory	Health	Industry
Environment	Framework	Women	Tourism and archeological resources
Solid waste	Democracy development	Youth projects	Other support projects
Telecommunications and information systems	Police	Culture projects	
Energy		Human rights and civil society	
Housing		Humanitarian aid	
General infrastructure		Detainees and ex-detainees	
Strategic and national projects		Refugee camps	

Annex II

United Nations development system in the occupied Palestinian territory

	DESA	ESCWA	FAO	IAEA	IBRD	ICAO	IFAD	ILO	IMO	ITC	ITU	ODCCP	OHCHR	UNCTAD	UNDP	UNEP	UNESCO	UNFPA	UNICEF	UNIDO	UNIFEM	UNITAR	UNRWA	UNV	UPU	WFP	WHO	WTO
Sector 1. Infrastructure and natural resource development																												
Water and sanitation					x										x	x	x	x					x				x	
Environment	x	x			x										x	x	x			x			x				x	
General infrastructure	x			x	x										x		x	x					x	x	x			
Telecommuni-cations		x									x				x													
Energy	x			x													x											
Transportation						x			x					x	x													
Sector 2. Institutional capacity-building																												
Institutional development and governance	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Strengthening legal and regulatory frameworks	x	x	x	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x		x	x	x		x	x
Democracy, rule of law and human rights	x	x						x					x		x		x	x	x		x	x		x				
Police												x	x															

	DESA	ESCWA	FAO	IAEA	IBRD	ICAO	IFAD	ILO	IMO	ITC	ITU	ODCCP	OHCHR	UNCTAD	UNDP	UNEP	UNESCO	UNFPA	UNICEF	UNIDO	UNIFEM	UNITAR	UNRWA	UNV	UPU	WFP	WHO	WTO
Sector 3. Social sector																												
Education		x			x			x							x		x	x	x		x		x	x				
Health		x						x				x			x			x	x		x		x	x			x	
Women and gender	x	x	x				x	x					x		x		x	x	x	x	x		x	x		x	x	
Children and youth	x	x					x	x				x	x		x		x	x	x		x	x	x	x			x	
Social protection								x							x				x				x				x	
Culture															x		x							x				
Humanitarian aid															x				x				x			x		
Sector 4. Productive sectors																												
Employment, industry and small enterprise	x	x	x		x	x	x	x		x	x			x	x		x			x	x	x	x	x				
Trade and investment		x			x	x			x	x	x	x		x	x					x		x						x
Tourism and cultural heritage						x		x							x	x	x							x				
Agriculture		x	x				x								x											x		

Note: DESA – Department of Economic and Social Affairs
ODCCP – Office for Drug Control and Crime Prevention
OHCHR – Office of the United Nations High Commissioner for Human Rights